RETAIL MARKETING

Instructor:
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Power points: conceptual framework
PART 4.a
MERCHANDISING

M.1. Communication methods

M.2. Retail image

M.3. Design of a store

M.4. Physical environment

M.5. Customer service

Atmospherics

Exterior

General interior

Interior displays

STORE LAYOUT
CHARACTERISTICS

Shows the location of all merchandise departments and the placement of circulation aisles to allow customers to move through the store.

Allocation of floor space for:
- Selling
- Merchandise
- Personnel
- Customers
- Product groupings
- Traffic flow patterns

Space merchandise category
- Department locations
- Arrangements within departments
- Alternative design types
- Efficient use of walls
- Space productivity
GOAL

To optimize floor space and encourage traffic flows

Two basic theories of store layout

"MAZE" Theory
The best way to expose customers is to get them lost so they will find new merchandise and departments they would not otherwise see.

"MAKE IT EASY" Theory
The easier it is for customers to move around, the more they buy (e.g., wide aisles, lots of directional signals)
The provision of a clear route noticeably affected some respondents’ propensity to browse(*).

A clear route provided “a natural way to go around and look at things(*)

PRINCIPLES

To expose the customer to a layout that facilitates a specific traffic pattern

To provide variety

Provide the greatest possible merchandise exposure

Locate high-margin and impulse items in key spots

Discourage shoplifting in all possible ways

Locate related lines next to each other

Be sure that the most important lines have the best locations
PRINCIPLES

Shoppers learn the “spatial map” of their local supermarket and....

.... hence get disoriented if changes are made, which in turn ....

.... impacts on their shopping behaviour

Refers to the way store floor space is used to facilitate and promote sales and to best serve the customer.
A typical layout divides a store into four different kinds of space:

- **Selling space** – assigned for interior displays, product demonstrations, and sales transactions
- **Merchandising space** – allocated to items that are kept in inventory for selling
- **Personnel space** – assigned to store employees for lockers, lunch breaks, and restrooms
- **Customer space** – assigned for the comfort and convenience of the customer, including a café or food court, dressing rooms, lounges, and recreation areas for children
M.4. Physical environment

Atmospherics

Store layout

TYPES OF DESIGN

Grid store layout
Racetrack layout
Free form layout
Spine layout

Grid store layout

Racetrack layout

Free form layout
Grid store layout
Racetrack layout
Free form layout
Spine layout

MERCHANDISING
M.4.
Physical environment
Atmospherics
Store layout

- Grid store layout
- Racetrack layout
- Free form layout
- Spine layout

- Receiving & storage
- Fruit
- Vegetables
- Books, magazines, seasonal display
- Checkouts
- Cart area
- Office & customer service
- Entrance
- Exit
CHARACTERISTICS

Impersonal but efficient atmosphere

Not aesthetically pleasing arrangement but good if customers plans are to move throughout the entire store

___________: less wasted space

aisles all the same width
accommodate shoppers and carts

Fixturing cost is reduced

Long **gondola** of merchandise and aisles in a repetitive pattern

Space productivity is enhanced

Most grocery & drugstore
How can a store design pull customers through large shopping goods stores such as
CHARACTERISTICS

A _________________ is presented

Shoppers do not feel rushed and will browse around

People are encouraged to walk through the store in any direction or pattern they desire

Impulse or unplanned purchases are enhanced

Aisle “loops” provide access to **boutiques**

Customers eyes are forced to take different viewing angles

**Aisle flooring: marble like tile change customer`s way**

**Department store: vary in texture, color, material**
CHARACTERISTICS

Arranges fixtures and aisles asymmetrically

Relaxed environment

Facilitates shopping and browsing

Personal selling more important

Theft is higher

Store sacrifices some storage and display space to create the more spacious environment
A variation of the free-flow & grid & loop

________________________ in certain circumstances

Based on a single main aisle running from the front to the back of the store transporting customers in both directions

On either side of this spine, merchandise departments branch off toward the back or side walls

Within the department a free-flow or grid layout can be used
When planning a store’s layout and design, must be considered the prevention of shrinkage due to:

theft & damage loss
To enhance space productivity retailers must:

1. Planning
2. Merchandising presentation
3. Design strategies that minimize shrinkage
   a. Avoiding hidden areas that shoplifters can take advantage of
   b. Reducing number of times merchandise must be moved during which damage and loss can occur
MERCHANDISING

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Atmospherics

Exterior

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Store layout

Interior displays
INTERIOR DISPLAYS

Use fixtures and props to showcase merchandise. These displays generate one out of every four sales. There are different types of interior displays:

- **Closed displays** – allow customers to see but not handle merchandise
- **Open displays** – allow customers to handle and examine merchandise without the help of a salesperson
- **Architectural displays** – consist of model rooms that allow customers to see how merchandise might look in their homes
- **Point-of-purchase displays** – displays designed mainly to promote impulse purchases and are usually located at or near the cash register
- **Store decorations** – displays that coincide with specific seasons or holidays
PLANNING FOR FIXTURING A STORE (I)

1. What items, vendors, categories and dept. should be carried?
2. How much of each item should be carried?
3. Where should the merchandising be located?
4. How much space should the merchandise take?

Optimize floor space and encourage traffic-flow

Very front:
- Seasonal display & impulse merchandise
- Special fixtures to invite customers into the space

General floor area:
- Reserved for tables, cubes & fixtures lower than eye level
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back and side</td>
<td>Perfect for displaying and storing taller fixturing</td>
</tr>
<tr>
<td>Impulse products</td>
<td>Merchandise that customers purchase without preplanning</td>
</tr>
<tr>
<td></td>
<td>Located near the front to draw people into the store</td>
</tr>
<tr>
<td>Demand/Destinations areas</td>
<td>Corners and on upper floors demand for products/services is created before customers get to their destination</td>
</tr>
<tr>
<td></td>
<td>Not prime locations</td>
</tr>
<tr>
<td>Adjacent Dept./merchandise</td>
<td>Cluster of complementary products together to facilitate multiple purchases</td>
</tr>
<tr>
<td>Seasonal needs</td>
<td></td>
</tr>
<tr>
<td>Physical charact. Of merchandise</td>
<td>Large amounts of floor space</td>
</tr>
</tbody>
</table>
PLANNING FOR FIXTURING A STORE (III)

Select families of fixtures

- **Fixtures shouldn’t compete with merchandise**
- **Similar materials and styles**

Keep the fixtures out of customers’ path

- Customers shouldn’t injure themselves by falling over a misplaced fixture (liable for negligence)

Flexibility

- Ability to physically move store components
- Ease with which components can be modified

Needs of disabled
PLANNING FOR FIXTURING A STORE (III)

The use of planograms

_A diagram created from photographs, computer output or artist’s rendering that illustrates exactly where every SKU should be placed._

Report:

- A productivity report by SKU based on sales history
- An ABC analysis by SKU
- A space utilization report that describes the percentage of available space used in the planogram
- A section comparison report that can describe productivity between any 2 sections

Carrefour: Spaceman

Gap Banana Republic: photographs diagrams
SPACEMAN Suite

SPACEMAN? Suite

At the foundation of the AC Nielsen merchandising solutions portfolio is the SPACEMAN? Suite. A complete and intuitive set of merchandising applications that can replicate virtually any retail environment utilizing everything that today’s technology has to offer. With the roles of end users greatly varying within organizations, so do the levels of applications available within SPACEMAN? Suite. Starting at basic viewing, printing and building into a complete and comprehensive space and category management application that provides forecasting, days of supply, inventory modeling and complete financials in addition to complex output of plannograms. The most advanced level of application becomes fully adaptable to virtually any and all retailer or manufacturer environments while meeting every need.

Call your AC Nielsen representative to find out more about how SPACEMAN? can help maximize your space management opportunities and to outline the level of application that best serves your business needs. Click on the images or links below:

- Spaceman Application Builder
- Spaceman Professional
**SPACEMAN? Stock Planner**

**Reporting and analysis to simplify category or space management decisions at an affordable price.**

**SPACEMAN? Stock Planner** offers all the Merchandising capabilities found in **SPACEMAN? Merchandiser PLUS**:

- Quick Merch - an automated procedure that allows the user to select a product list or database and based on section defaults, automatically generates a planogram based on product information, fixture information and selected allocation criteria from your data.
- On-screen highlighting to easily identify inventory or sales opportunities.
- Inventory modeling is introduced on this level of application to virtually replicate any replenishment cycles and calculate into days of supply and shelf inventory ROI.
- Re-Merch - User is capable of re-merchandising an existing planogram from selecting specific criteria with one keystroke.
- Planogram compare - visually compare multiple planograms and make automated changes from base planogram.

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